

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
December 19, 2003
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: O. Charlie Chewning, Jr., CPA, President; Michael H. Wray, Vice President; Leonard W. Jones, CPA, Secretary-Treasurer; Norwood G. Clark, Jr., CPA; Scott L. Cox, CPCU, CIC; R. Stanley Vaughan, CPA; and Arthur M. Winstead, Jr., CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, Executive Director, NCACPA; Barton W. Baldwin, CPA, Baldwin and Hodge, LLP; Tom Chenoweth, CPA, Highland Publishing Company; and Curt Lee, Past President, NCSA.

CALL TO ORDER: President Chewning called the meeting to order at 10:00 a.m.

→ **MINUTES:** The minutes of the November 24, 2003, meeting were approved as amended.

FINANCIAL AND BUDGETARY ITEMS: The financial statements for November 2003 were accepted as submitted.

Messrs. Clark and Vaughan moved to authorize the Executive Director to invest \$100,000.00 in a 12-month Certificate of Deposit; \$95,000.00 in a 24-month Certificate of Deposit; and \$100,000.00 in a 24-month Certificate of Deposit. Motion passed with six (6) affirmative votes. Mr. Cox abstained from voting on this matter.

Messrs. Vaughan and Winstead moved to approve the administrative fee for all initial candidates for the computer-based CPA exam at \$222.00 and at \$75.00 for all re-exam candidates. Motion passed with six (6) affirmative votes and one (1) negative vote.

LEGISLATIVE AND RULE-MAKING ITEMS: Messrs. Wray and Jones moved to approve 21 NCAC 8N .0205 as published for the rule-making hearing on November 24, 2003. Motion passed with seven affirmative and zero negative votes. No written comments on the proposed amendment were received by the Board following the November 24, 2003, public rule-making hearing and no oral comments were made on this date (Appendix I).

NATIONAL ORGANIZATION ITEMS: Messrs. Jones and Winstead moved to establish a Board committee to study and report to the Board on the issues regarding the Sarbanes-Oxley (SOX) Act of 2002. Motion passed. President Chewning appointed Messrs. Vaughan, Winstead, and Clark to the committee. Mr. Clark will serve as chair of the SOX Committee.

STATE AND LOCAL ORGANIZATION ITEMS: Messrs. Vaughan and Cox moved to approve the Peer Review Agreement between the Board and the NCACPA. Motion passed (Appendix II).

Messrs. Vaughan and Winstead moved to approve the Board's participation in the annual NCACPA New CPA Recognition event. Motion passed.

Messrs. Vaughan and Clark moved to approve the concept of an oath for all North Carolina licensees as recommended by the NCACPA. Motion passed.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Vaughan moved and the Board approved the following recommendations of the Committee:

9910-120 - Conrad A. Goree - Approve the signed Consent Order (Appendix III).

200305-019 - LaDon Henderson, Jr. - Approve the signed Consent Order (Appendix IV).

200311-072 - Martin Lee Price - Approve the Board Order (Appendix V).

200308-040 - Close the case without prejudice.

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Mr. Wray moved and the Board approved the following recommendations of the Committee:

Original Certificate Applications - The application submitted by Amy Whinery Osborne was approved.

Reciprocal Certificate Applications - The following were approved:

Thomas J. Alfieri

Nancy Dona Berglund

Alicia B. Cavender

Charles F. Dillman III

Catherine A. Haigh

Catherine R. Harrington

Shelly Hamel Valiulis

Joan Henley Vines

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Michael William Drake T02978

James Landon Gazley T02979

Allan D. Marsh T02980

Rebecca Lyn Wozniak T02981

Lynn Griffin Banks T02982

Opal Bernadette Christie T02983

Patricia Lynn Hedenskog T02984
John Marshall Nashette T02985
Eugene Edward Nicholas Jr. T02986

Rachel LaTelle Thomas T02987
Dean Kenneth Whitener T02988
Kathryn Grace Zechman T02989

Reinstatements - The following were approved:

Albert Henry Austin #12470
Gerald Earl Bartram #29154
Hans Trulock Beier #23630

Warren G. Carson #22082
Emric James Jorgensen #18752
Thomas Kelley Moore #21273

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

LANNY BYNUM, CPA, P.A.
FRANKLIN & FRANKLIN, PA
King & Thornton, CPAs, PLLC
GEORGE T. LOWE, CPA, P.C.
Mauldin & Jenkins Certified Public
Accountants and Consultants, PLLC

TED L. PERRELLA, CPA, P.A.
PRICE, DONOGHUE & RIDENOUR,
INC.
HARRIET SIMPSON, PLLC
WARD, McINNIS & WEBB PLLC

→ **CPE Matters**

The Committee reviewed information provided by the individuals listed below. They indicated on their 2002-2003 renewal that they failed to complete their 2002 CPE by 12/31/02, but did complete it by 6/30/03. However, they failed to complete the minimum CPE requirement by 6/30/03. Staff recommended referral to the Professional Standards Committee. The Committee approved staff recommendation:

Billy Joe Hoss #2214
John Knox McGill #13656

David William McNeish #14005

Staff requested Committee guidance on and status of the AICPA's CPE Direct program and the acceptability of self-study exams that are based on guides, magazines, and reference material. The Committee disapproved this type of CPE.

Conditional Licenses - The Committee reviewed and approved the request to rescind the conditional license awarded to Jeffrey Thomas Hendrickson (#28260).

Miscellaneous - The Committee approved the 2004 - 2005 renewal form.

RESOLUTIONS: President Chewning read a Resolution of Appreciation for Michael H. Wray's service to the Board. President Chewning instructed the Executive Director to make the Resolution part of the Board minutes (Appendix VI).

President Chewning read a Resolution of Appreciation, as approved at the September 22, 2003, Board meeting, for Barton W. Baldwin's service to the Board.

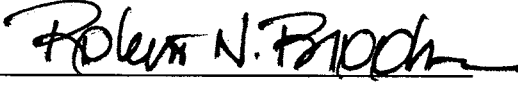
OATH OF OFFICE: Jordan C. Harris, Jr., was sworn the Oath of Office by President Chewning.

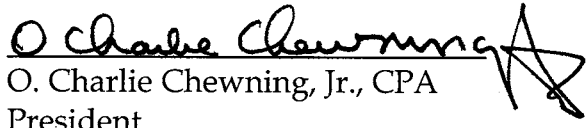
ELECTION OF OFFICERS: Messrs. Clark and Winstead moved to nominate and approve R. Stanley Vaughan as Vice President of the Board. Motion passed with seven affirmative and zero negative votes.

ADJOURNMENT: Messrs. Clark and Winstead moved to adjourn the meeting at 12:25 p.m. Motion passed.

Respectfully submitted:

Attested to by:

→ 
Robert N. Brooks
Executive Director


O. Charlie Chewning, Jr., CPA
President

21 NCAC 08N .0205, is amended as published in 18:08, pages 608-609, as follows:

.0205 CONFIDENTIALITY

(a) Nondisclosure. A CPA shall not disclose any confidential information obtained in the course of employment or a professional engagement except with the consent of the employer or client.

(b) Exceptions. This Rule shall not be construed:

- (1) to relieve a CPA of any report obligations pertaining to Section .0400 of this Subchapter; or
- (2) to affect in any way the CPA's compliance with a validly issued subpoena or summons enforceable by this Board or by order of a court; or
- (3) to preclude the CPA from responding to any inquiry made by the AICPA Ethics Division or Trial Board, by a duly constituted investigative or disciplinary body of a state CPA society, or under state statutes; or
- (4) to preclude the disclosure of confidential client information necessary for the peer review process or for any quality review program; or
- (5) to preclude the CPA from assisting the Board in enforcing the accountancy statutes and ~~rules~~ rules; or
- (6) to affect a CPA's disclosure of confidential information to state or federal authorities when the CPA concludes in good faith based upon professional judgment that a crime is being or is likely to be committed; or
- (7) to affect a CPA's disclosure of confidential information when such disclosure is required by state or federal laws or regulations.

*History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);
Eff. April 1, 1994;
Amended Eff. February 1, 2004; April 1, 2003.*

**North Carolina Association of CPAs
North Carolina State Board of CPA Examiners
Peer Review Agreement**

The North Carolina Association of Certified Public Accountants (hereinafter referred to as "the Association") and the North Carolina State Board of CPA Examiners (hereinafter referred to as "the Board") hereby agree for the purpose of providing peer review administration to firms whose owners are not members of the Association or the American Institute of Certified Public Accountants (hereinafter referred to as "AICPA") subject to the following terms and conditions.

Transition

The undersigned acknowledge this agreement to transition from the Board's State Quality Review Program (hereinafter referred to as "SQR") to the Association's peer review program.

Requested Service

It is acknowledged that the Board is discontinuing its SQR Program, effective December 31, 2003. It is agreed by both parties that the Board requested the Association provide peer review administration to non-member firms, as identified below, because the SQR Program is being discontinued and non-member firms will otherwise not be able to comply with North Carolina laws with regard to peer review. It is further acknowledged that the Association is currently the only approved peer review provider in North Carolina. The Board will use its best effort to inform non-member firms that services being provided by the Association are a result of the aforementioned request.

Non-Member Firms

Non-member firms are CPA firms registered with the Board whose owners are neither members of the Association, nor the American Institute of CPAs (AICPA) and which, prior to January 1, 2004, received a State Quality Review (SQR) from the Board. These firms must successfully complete a peer review in order to be in compliance with North Carolina laws. Any subsequent new registrants with the Board whose owners are neither members of the Association nor AICPA shall also be considered non-member firms.

Description of Service

The Association agrees to administer the peer review program for non-member firms in accordance with the *AICPA Standards for Performing and Reporting on Peer Reviews*, and as amended in the future. The Board's Rules accept the aforementioned *Standards* as they are currently written and as may be amended in the future.

Effective Date

The Association agrees to begin registration of non-member firms on January 1, 2004. The Board agrees to correspond with all non-member firms advising them to register with the Association as soon as possible after the first day of January 2004, but no later than January 31, 2004.



Timely Registration

Non-member firms shall be deemed enrolled in a timely manner upon completion of their enrollment process with the association prior to January 31, 2004.

Non-Compliance

Both parties agree that failure by said non-member firms to comply with stated requests for information and/or action will constitute non-compliance and will result in a notice being furnished to the Board by the Association as such. Failure of non-member firms to provide the proper timely response and information may result in the non-member firm being dropped from the Association's peer review program. The Board agrees to promptly notify and explain the consequences of non-compliance to non-member firms.

Dropped Firms

Non-member firms being dropped from the Association's program will be provided with proper notice, via certified mail/return receipt requested by the Association, with a copy being provided to the Board.

Board Commitment

The Board agrees to handle any disciplinary procedures with non-member firms in the event the Association drops a non-member firm from its peer review program due to non-compliance and agrees to hold the Association, its officers, directors, staff, technical reviewers, and committee members harmless in its administration of the program.

New Registrants

The Board agrees to provide adequate notice to the Association whenever a new firm registers with the Board, whose owners are not Association or AICPA members. The Board likewise agrees to provide new registrants with information regarding the process to enroll with the Association for peer review administration, provided, however, nothing herein shall oblige non-member firm owners to become members of the Association or AICPA.

Renewal

This agreement shall continue on a calendar year basis and may be canceled by either the Association or the Board with 365 days notice to the other party prior to the end of any calendar year.

William James Black Jr
Signature

December 29, 2003
Date

William James Black, Jr., CPA
President
NC Association of CPAs

O. Charlie Chewning Jr
Signature

December 19, 2003
Date

O. Charlie Chewning, Jr. CPA
President
NC State Board of CPA Examiners



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 9910-120

IN THE MATTER OF:
Conrad A. Goree, #18305
Respondent

SUPPLEMENTAL
CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 18305 as a Certified Public Accountant.
2. In July of 2001, Respondent entered into a Consent Order with the Board regarding sanctions taken against Respondent's drivers license by the North Carolina Division of Motor Vehicles (DMV) pertaining to charges of driving while intoxicated.
3. Pursuant to paragraph 4 of said Consent Order, Respondent was required to file a written statement with the Board every six (6) months during a three (3) year monitoring period regarding the status of his rehabilitation.
4. As a part of Consent Order requirements that he keep the Board apprised as to the status of his rehabilitation, Respondent informed the Board in January of 2003 that he was scheduled to complete a "follow-up" evaluation by April 30, 2003, with the substance counselor assigned by the Medical Review Division of the North Carolina Department of Motor Vehicles.
5. Board staff informed Respondent that the Board's Professional Standards Committee had reviewed his update and instructed him to provide the Board with a copy of the "follow-up" evaluation report.
6. Based on Respondent's failures to provide the "follow-up" evaluation or any explanation regarding the status of the "follow-up" evaluation, a Notice of Proposed Action and Show Cause Order was sent, on July 1, 2003, to Respondent's last known home address by Certified/Return Receipt Mail.



The return receipt card was finally delivered to and signed by Respondent on September 3, 2003.

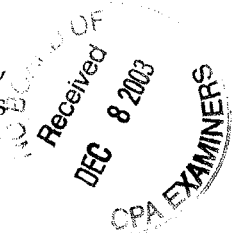
7. In a letter dated July 23, 2003, Respondent provided another bi-annual update as required by the terms of his Consent Order as to the status of his rehabilitation. This letter stated that the "follow up" evaluation took place on July 1, 2003, but that Respondent did not yet have a copy of the re-evaluation report.
8. On August 5, 2003, the Board received a copy of a re-evaluation report dated July 3, 2003, as prepared by Carl Britton-Watkins and submitted to Susan M. Stewart, Hearing Officer for the Medical Review Branch, DMV, but did not include any explanation from Respondent regarding the delay in obtaining the evaluation and in providing the report to the Board.
9. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0203 (b)(3).

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall, upon Board staff's request, submit to any physical, blood test, breath test, or urinalysis for detection of alcohol or controlled substances for a period of two (2) years in addition to the three (3) years required by the original Consent Order or until July 23, 2006.
2. Respondent shall file written statements with the Board every six (6) months until July 23, 2006, regarding the status of his rehabilitation.
3. Respondent shall, within fifteen days of any applicable request deadline, provide the written statements requested in paragraph 2 above as well as



Supplemental Consent Order - 3
Conrad A. Goree

respond to any request for information from Board staff regarding Respondent's compliance with the terms of this Order.

4. In each event that Respondent fails to timely submit a report or respond to a Board inquiry, Respondent shall reimburse the Board two hundred fifty dollars (\$250.00) in administrative costs.

CONSENTED TO THIS THE 2nd DAY OF December, 2003.

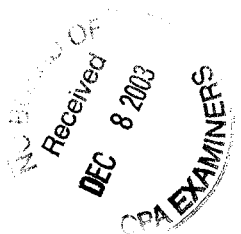
Conrad A. Goree
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF DECEMBER, 2003.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: O. Charlie Chewning
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200305-019

IN THE MATTER OF:
LaDon Henderson, Jr., #13954
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 13594 as a Certified Public Accountant.
2. Respondent had advised a client in her individual and business financial matters for about six years prior to proposing to enter into a partnership agreement and land transaction with her for the development of certain commercial business rental property, purportedly in order to "generate a stream of income to secure" the client's retirement.
3. Respondent, while acting as his client's accountant and financial advisor, offered to pay off the mortgage balance on property owned by the client in return for the client conveying one half interest in the property to Respondent.
4. Respondent received one half interest in the client's property but failed to pay off the mortgage balance. The client subsequently alleged that she would not have entered into the arrangement but for the relationship of trust she had with the Respondent as Respondent's client, and that Respondent abused that trust by failing to adequately document the arrangement, by failing to protect her interests as her CPA, and by making unfair financial demands while unjustly threatening foreclosure. The client also asserted that Respondent's conduct and failure to fulfill his responsibilities in the arrangement resulted in significant financial harm to her.
5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.



BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202 (b)(8), .0203 (b)(1), and .0303.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

CONSENTED TO THIS THE 2nd DAY OF December, 2003.

LaDon Henderson Jr.
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF DECEMBER, 2003.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: O. Charlie Chewing
President

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EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200311-072

IN THE MATTER OF:
Martin Lee Price, #24831

ORDER

THIS CAUSE coming before the Board on December 19, 2003, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

FINDINGS OF FACT

1. Martin Lee Price (hereinafter "Mr. Price") is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Mr. Price failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12 (8c) and 21 NCAC 8M.0102.
3. Mr. Price has subsequently failed to provide documentation to the Board that his SQR has been completed and is in excess of 120 days from the required completion date.

CONCLUSIONS OF LAW

1. Mr. Price's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12 (8c) and 21 NCAC 8M.0102.

BASED ON THE FOREGOING, the Board orders that:

1. Mr. Price's certificate is suspended for at least thirty (30) days from the date this Order is approved and until the required SQR compliance information is received by the Board.
2. If Mr. Price fails to return his suspended certificate within fifteen (15) days of the receipt of this Order, the thirty (30) day suspension will be extended by the number of days that his certificate is late in being returned to the Board office.

3. If Mr. Price returns his suspended certificate within fifteen (15) days of the receipt of this Order, Mr. Price can, after at least thirty (30) days, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. 3 moral character affidavits, and
 - d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504.
4. If Mr. Price returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Mr. Price can, after at least thirty (30) days, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form (which includes statements regarding use of title during forfeiture),
 - b. Payment of the application fee,
 - c. 3 moral character affidavits (on forms provided by Board),
 - d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504, and
 - e. Consent Order requiring payment of at least \$100.00 in administrative costs.

This the 19th day of December, 2003.

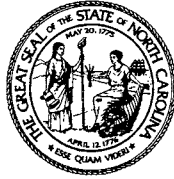
NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: _____
President

O. Charlie Chewing

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS



RESOLUTION

WHEREAS, Michael H. Wray has served as a member of the North Carolina State Board of Certified Public Accountant Examiners since 1994;

WHEREAS, during his tenure he served as Vice President and Secretary-Treasurer of the Board, Chair of the Professional Education and Applications Committee, and Member of the Personnel Committee and the Executive Committee;

WHEREAS, he has represented the Board and the profession through his service as a member of numerous committees of the National Association of State Boards of Accountancy;

WHEREAS, during his tenure he has served faithfully and tirelessly as a leader in the profession and is an eloquent spokesman for the best interest of the public and the profession;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank Michael H. Wray for his dedicated service, his personal sacrifice to serve the public interest, and his leadership to the Board.

This the 19th day of December 2003.

North Carolina State Board of
Certified Public Accountant Examiners

O. Charlie Chewning Jr.
O. Charlie Chewning, Jr., CPA, President

